

FILED

FEB 09 2006

BEFORE THE DEPARTMENT OF INSURANCE
STATE OF NEBRASKA

NEBRASKA DEPARTMENT
OF INSURANCE

STATE OF NEBRASKA
DEPARTMENT OF INSURANCE,

PETITIONER,

VS.

AMERICAN CASUALTY COMPANY
OF READING, PENNSYLVANIA,

RESPONDENT.

CONSENT ORDER

CAUSE NO. C-1551

Feb 02, 2006 ACCT# 8521 \$1,000.00
NO-INVOICE 2500 TRAM# 1553478
AMERICAN CASUALTY COMPANY OF READING, PE
CHECK# 10298625

In order to resolve this matter, the Nebraska Department of Insurance ("Department"), by and through its attorney, Keri M. Stasiuk, and Respondent American Casualty Company of Reading, Pennsylvania ("Respondent") mutually stipulate and agree as follows:

JURISDICTION

1. The Department has jurisdiction over the subject matter and Respondent pursuant to Neb. Rev. Stat. § 44-101.01, 44-303, 44-1536 et seq., and Title 210 NAC Ch. 61. Said jurisdiction and control have been present at all times material hereto.

2. Respondent American Casualty Company of Reading, Pennsylvania is a Pennsylvania-domiciled company whose mailing address is State Reports – 32S, CNA Center, 333 S. Wabash, Chicago, IL 60685. Respondent is licensed to engage in the business of insurance in the State of Nebraska as a property and casualty insurer.

RECEIVED

FEB 02 2006

NE DEPT. OF INS.

STIPULATIONS OF FACT

1. The Department initiated this administrative proceeding by filing a petition styled State of Nebraska Department of Insurance vs. American Casualty Company of Reading, Pennsylvania, on December 12, 2005. A copy of the petition was served upon the Respondent at Respondent's registered business address by certified mail, return receipt requested.

2. The petition alleges that Respondent violated Neb. Rev. Stat. §§ 44-1540(3) and (4), as well as Title 210 *NAC* Chapter 61 §§ 006.04 and 008.02, through the following:

- a. On or about March 30, 2005, there was a car accident involving P.R. and Respondent's insured, in which it was determined that Respondent's insured was at fault.
- b. Between March 30, 2005 and June 30, 2005, P.R. sought medical treatment for bodily injuries sustained as a result of the March 30, 2005 accident.
- c. On or about April 4, 2005, Respondent was notified of P.R.'s injury and treatment when P.R.'s mother informed Respondent's claims adjuster, M.P., of the injury. M.P. intended to send a medical authorization form to P.R.
- d. On or about April 7, 2005, M.P. spoke with P.R. about his injuries. M.P. apparently sent a medical authorization form to P.R. but P.R. apparently did not receive the form. Respondent did not follow up with the claim for almost three months after the April 7, 2005, contact.
- e. On or about June 30, 2005, P.R.'s treatment ended and P.R.'s provider sent a detailed billing to Respondent for P.R.'s treatment.
- f. On or about July 5, 2005, the claim file regarding P.R. was reassigned to Respondent's Claim Specialist V.G.
- g. On or about July 14, 2005, V.G. talked with P.R.'s mother, who informed V.G. that P.R. had completed his medical treatment and that his treating provider forwarded P.R.'s medical records and

bills. When V.G informed P.R.'s mother that the claim file did not contain P.R.'s medical records and bills, P.R.'s mother stated that she would contact the provider's office to request they fax the records to Respondent. Respondent received the faxed records from the provider's office soon after the telephone conversation between V.G and P.R.'s mother.

- h. On or about July 15, 2005, V.G contacted P.R. and obtained a recorded statement regarding the claim from him.
- i. On or about July 21, 2005, V.G apparently mailed a medical authorization form to P.R. V.G left Respondent's employ shortly thereafter. Respondent did not follow up with the P.R.'s claim for approximately two more weeks.
- j. On or about August 5, 2005, P.R.'s file was reassigned to Respondent's Claim Specialist A.M. A.M. attempted to contact P.R.
- k. On or about August 9, 2005, P.R.'s mother contacted A.M. and was informed that the medical authorization had not been received. P.R.'s mother provided her email address to A.M. A.M. sent a copy of the medical authorization form to P.R.'s mother via email. P.R., therefore, received the necessary forms from Respondent approximately four months after Respondent received notification of P.R.'s claim.
- l. On or about August 12, 2005, A.M. received a letter from the provider with attached medical notes and records. Based on A.M.'s review, he recommended that Respondent's in-house medical expert review the records for reasonableness of treatment. A.M. soon transferred to another position.
- m. On or about August 25, 2005, Respondent's Claim Manager J.K. reassigned the file to Claim Specialist B.F.
- n. On or about September 8, 2005, A.M. received a telephone call from P.R.'s mother, during which A.M. advised P.R.'s mother that P.R.'s medical records needed to be reviewed before a settlement offer would be extended. A.M. also advised P.R.'s mother that he would check on the status of P.R.'s claim and call her the next day.
- o. On or about September 16, 2005, B.F. emailed P.R.'s mother to inform P.R.'s mother that she (B.F.) was now handling P.R.'s bodily injury claim, that the medical bills and records needed to be reviewed, and that the review process would take at least 30 days.

Respondent failed to explain the reason why additional time was needed to investigate P.R.'s claim until on or about October 24, 2005.

- p. On or about September 28, 2005, Respondent's in-house expert, P.L., confirmed receipt of the medical information and indicated a six-week turnaround time. No reasons were given as to why so much time was needed to review the medical information.

3. Respondent was informed of its right to a public hearing. Respondent waives that right, and enters into this Consent Order freely and voluntarily. Respondent understands and acknowledges that by waiving its right to a public hearing, Respondent also waives its right to confrontation of witnesses, production of evidence, and judicial review.

4. Respondent admits the allegations contained in the Petition and restated in Paragraph # 2 above.

CONCLUSIONS OF LAW

The conduct of Respondent, as alleged above, constitute violations of Neb. Rev. Stat. §§44-1540(3) and (4), as well as Title 210 *NAC* Chapter 61 §§ 006.04 and 008.02.

CONSENT ORDER

It is therefore ordered by the Director of Insurance and agreed to by Respondent American Casualty Company of Reading, Pennsylvania that Respondent shall pay an administrative fine of one thousand dollars (\$1,000). The fine shall be paid in total within thirty (30) days after the Director of the Department of Insurance affixes his signature to this document and approves said consent agreement. The Nebraska Department of Insurance shall retain jurisdiction of this matter for the purpose of

enabling the Respondent or the Department to make application for such further orders as may be necessary.

In witness of their intention to be bound by this Consent Order, each party executed this document by subscribing his or her signature below.

Keri M. Stasiuk TE
Keri M Stasiuk
Department of Insurance
941 "O" Street, Suite 400
Lincoln, NE 68508
(402) 471-2201

2/8/06
Date

Karen S. Knight
For Respondent, American Casualty
Company of Reading, Pennsylvania

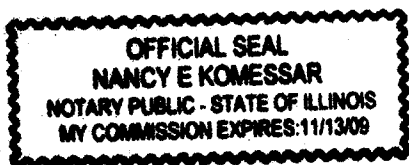
1/30/2006
Date

Barbara J. Miller
Attorney for Respondent

1/30/2006
Date

State of Illinois)
County of Cook) ss.

On this 30th day of January, 2006, Karen S. Knight and Barbara J. Miller
personally appeared before me and read this Consent Order, executed the same and
acknowledged the same to be ^{her} ~~his~~ voluntary act and deed.



Nancy E. Komessar
Notary Public

CERTIFICATE OF ADOPTION

I hereby certify that the foregoing Consent Order is adopted as the Order of the Nebraska Department of Insurance in the matter of State of Nebraska Department of Insurance vs. American Casualty Company of Reading, Pennsylvania, Cause No. C-1551.

STATE OF NEBRASKA
DEPARTMENT OF INSURANCE



L. TIM WAGNER
Director of Insurance

2/9/06

Date

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Petition and Notice of Hearing was served upon Respondent by mailing a copy to American Casualty Company at Reading, Pennsylvania at State Reports – 32S, CNA Center, 333 S. Wabash, Chicago, IL 60685, by certified mail, return receipt requested, on this 9th day of ^{February} ~~January~~, 2006.

